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~~TOP SECRET~~**SOVIET UNION****1. Comment on Malenkov's 12 March election speech:**

[] Premier Malenkov's election speech, which was directed primarily to the internal and Orbit audience, indicated no important new approach to international questions. His re-affirmation of the slogan he launched a year ago concerning the possibility of settling all controversial questions by peaceful means was probably designed to build up Western sentiment for making concessions at Geneva and accepting Soviet proposals for further conferences.

Malenkov gave particular emphasis to the Soviet plan for European security, further underlining this as a major propaganda theme. His reference to the possibility of removing obstacles to such a security pact recalls Molotov's recent hint that the exclusion of the United States from the proposed pact might be re-examined.

On internal problems the speech followed the current pattern, with the exception that it devoted less attention to the agricultural problem than other recent statements by Soviet leaders. Malenkov emphasized the necessity to improve labor productivity, apparently referring to the downward trend in productivity revealed in the report of 1953 plan results. []

SOUTHEAST ASIA**2. Burmese offensive jeopardizes effort to evacuate Chinese Nationalists:**

[] The Ministry of National Defense in Taipei has "virtually" decided to abandon efforts to evacuate Chinese troops from Burma because of continued Burmese military action, according to the Nationalist foreign minister. He hopes first, however, to make a final effort to persuade the Burmese to extend the cease-fire agreement.

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The minister indicated that if the Burmese refuse, he intends to recall China's representative on the joint evacuation committee in Bangkok and to inform the United Nations that the Burmese action had rendered further evacuation impossible.

Comment: Taipei has shown a more cooperative attitude since resumption of the evacuation effort on 14 February.

The Burmese ambassador in Bangkok is reportedly elated over the successes recently achieved by the Burmese army. If his attitude reflects that of Rangoon authorities, any effort to obtain a new cease-fire arrangement is likely to be futile.

SOUTH ASIA

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NEAR EAST - AFRICA

4. Iraqi premier wins key support for immediate conclusion of US military aid agreement:

 Iraqi prime minister Jamali told Ambassador Berry on 11 March that the crown prince, elder statesman Nuri Said, and the minister of interior agree with him that the American military aid agreement should be concluded immediately. Jamali added that he is hopeful of success, although some other cabinet ministers still have to be won over.

Later in the day the minister of interior informed the embassy that he was prepared to handle demonstrations and disturbances which might result from announcement of an agreement.

Comment: The present recess of the Iraqi parliament offers Jamali an opportunity to accept the military arms agreement without that body's vocal opposition. The prime minister in past weeks occasionally catered to popular anti-Western criticism, but he now appears ready to sign the agreement without parliamentary approval.

Aside from the possibility of immediate popular demonstrations, Jamali is likely to face an unruly and largely hostile parliament when it reconvenes in mid-April. Arab antagonisms may also be anticipated at the Arab League meeting in Baghdad on 31 March.

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EASTERN EUROPE

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6. Demonstrations on 20 March in Trieste not expected:



The Italian Foreign Ministry, which has been investigating the possibility of riots in Trieste on 20 March, expects no demonstrations and will do all it can to assure that none take place.

Comment: Neo-Fascist elements inspired a demonstration on 8 March last year, but largely as a result of stringent security precautions, none occurred on 20 March, the anniversary of the 1948 Anglo-American-French declaration calling for the return to Italy of all of the Free Territory.

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The American political adviser in Trieste reported a few days ago that a check of all available intelligence in Trieste had disclosed no plans for organized demonstrations, but that there were indications that some neo-Fascist elements wish to "do something."

WESTERN EUROPE

7. French and German comments on Saar prospects:

Following his 9 March talks with Chancellor Adenauer on the Saar, French foreign minister Bidault told Ambassador Dillon in Paris that he sees no "insuperable difficulties" to a final settlement. On the other hand, according to West German officials in Paris, Bidault and Adenauer at their 9 March meeting did not negotiate on a settlement beyond agreeing that the Council of Europe's plan, which each wanted to modify in a different way, would serve as a basis for future discussions.

Bidault considers the economic problem the largest remaining difficulty; other major differences are the duration of the agreement and what international authority would control a Europeanized Saar.

Bonn government leaders say that a Bundestag majority vote could be secured for the Council of Europe's plan, and American officials in Paris believe that the final compromise will likely be close to its present terms.

8. Bidault sees French EDC ratification in early May:

Foreign Minister Bidault told Ambassador Dillon in Paris on 11 March that he and Premier Laniel had decided the EDC debate should begin in early April, but that he did not expect a final vote before the opening of the Geneva conference. Bidault foresees a comfortable majority for the treaty if he succeeds, as he hopes, in getting Socialist

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leader Guy Mollet and Independent leader Antoine Pinay to accept a promise that a popularly elected European assembly come into being in two or three years.

Bidault said that the foreign ministers' meeting scheduled for 30 March in Brussels would be postponed to avoid confusing the EDC with the proposed political community.

Comment: Bidault's optimism derives some support from other indications that the needed Socialist votes might be obtainable on the basis indicated, but developments at Geneva are likely to raise still further difficulties for ratification.

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